

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06
OES-07 SP-02 SS-15 STR-05 TRSE-00 ACDA-12 NEA-10
/120 W

-----016955 210520Z /73

R 191417Z OCT 77

FM AMEMBASSY ASUNCION

TO SECSTATE WASHDC 1388

INFO AMEMBASSY BUENOS AIRES

AMCONSUL RIO DE JANEIRO

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E.O. 11652: N/A

TAGS: EINV, PA

SUBJ: PARAGUAY AND THE ARAB OIL CAPITALISTS

1. SUMMARY: PARAGUAY'S LATEST EFFORTS TO OBTAIN A CHEAPER SOURCE OF OIL OR TO TAP ARAB OIL REVENUES FOR INVESTMENT TURNED SOUR THIS WEEK WITH THE DISCOVERY THAT ARAB OIL MONEY IS NOT ONLY EXPENSIVE BUT REQUIRES GOVERNMENT GUARANTEES FOR ANY LOANS. ALTHOUGH A LETTER OF INTENT TO NEGOTIATE A \$250 MILLION LINE OF CREDIT WAS SIGNED BETWEEN TRIAD INTERNATIONAL MARKETING S.A. AND THE GOVERNMENT OF PARAGUAY, IT SEEMS UNLIKELY THAT THE PARAGUAYANS WILL DRAW DOWN MORE THAN A SMALL PERCENTAGE OF THE MONEY. END SUMMARY.

2. THE ARRIVAL IN ASUNCION OCTOBER 10 OF A GROUP OF ARAB CAPITALISTS INCLUDING DR. ADNAN KHASHOGGI AND SHEIK HADY HOBEICHE WAS HERALDED BY OFFICIALS, THE PRESS AND PRIVATE GROUPS AS ASSURING PARAGUAYAN ACCESS TO BILLIONS OF PETRO DOLLARS FOR INVESTMENT PURPOSES. PARAGUAY HAS BEEN TRYING FOR SEVERAL YEARS TO INTEREST MIDDLE EAST COUNTRIES IN
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EITHER INVESTING IN PARAGUAY OR PROVIDING LOANS, AND HAS SENT MISSIONS TO THE MIDDLE EAST TO AWAKEN INTEREST. HOWEVER, THIS IS THE FIRST TIME ANYONE FROM THAT AREA HAS VISITED PARAGUAY. DURING THE HIGHLY PUBLICIZED FOUR-DAY VISIT, THE GROUP WAS FETED BY THE PARAGUAYANS, HELD WORKING SESSIONS WITH THE COUNCIL OF MINISTERS, AND MET WITH PRESIDENT STROESSNER.

3. AT THE END OF THE VISIT, A LETTER OF INTENT WAS SIGNED BY THE ARABS, UNDER THE COMPANY NAME OF TRIAD INTERNATIONAL MARKETING S.A., OFFERING TO EXTEND A REVOLVING GLOBAL CREDIT OF \$250 MILLION TO THE GOVERNMENT OF PARAGUAY. THE CREDIT WOULD FINANCE PRIORITY PROJECTS OF THE GOP ALTHOUGH EACH SPECIFIC PROJECT MUST ALSO BE APPROVED IN ADVANCE BY TRIAD INTERNATIONAL MARKETING. ALL LOANS WOULD HAVE TO BE GUARANTEED BY THE NATIONAL TREASURY AND BY THE CENTRAL BANK OF PARAGUAY. ALTHOUGH NO SPECIFIC INTEREST RATES WERE MENTIONED IN THE AGREEMENT, THE EMBASSY HAS BEEN TOLD THAT RATES WOULD BE 1-1/2 PERCENT OVER LIBOR (LONDON INTEREST BANK OFFER RATE).

4. ALTHOUGH MOST OF THE PRESS CONTINUED TO WAX ENTHUSIASTIC, GOVERNMENT OFFICIALS PRIVATELY EXPRESSED DISMAY ABOUT THE NUMBER OF STRINGS ATTACHED TO THE LOAN. ONE POINTED OUT TO AN EMBASSY OFFICER THAT THE ARABS COULD PICK OUT THE MOST PROFITABLE PROPOSALS PRESENTED AND TAKE THEM OVER, INSTEAD OF MERELY LOANING THE FUNDS TO THE GOP. OTHERS DOUBTED THAT PARAGUAY WOULD EVER UTILIZE ANY OF THE MONEY.

5. EMBASSY COMMENT: THE PARAGUAYAN PAPERS USUALLY GIVE EXTENSIVE PUBLICITY TO ANY PROSPECTIVE FOREIGN INVESTORS WHO VISIT THE COUNTRY. THIS GENERAL PROPENSITY IS HELPED ALONG BY THE MINISTER OF INDUSTRY AND COMMERCE'S PRIVATE LIMITED OFFICIAL USE

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PRESS ENTOURAGE WHICH INSURES THAT HIS NAME AND HIS ACTIVITIES ARE WELL PUBLICIZED. PERHAPS 10 PERCENT OF THE INVESTMENTS MATERIALIZE; THE REMAINDER DISAPPEAR WITHOUT ANY COMMENT.
BRIGGS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ARABS, PETROLEUM INDUSTRY, FOREIGN INVESTMENTS, LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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From: ASUNCION
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19771045/aaaabmci.tel
Line Count: 99
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Litigation History:
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Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
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Review Event:
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Secure: OPEN
Status: NATIVE
Subject: PARAGUAY AND THE ARAB OIL CAPITALISTS
TAGS: EINV, ENRG, PA, XF
To: STATE
Type: TE
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